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TAGS: [KNNP](#) [IR](#) [EU](#) [FR](#) [AU](#)
SUBJECT: IRAN SANCTIONS: AUSTRIA REJECTS EU ACTION

REF: VIENNA 2578

Classified By: Econ/Pol Couns Dean Yap. Reason: 1.4(b) and (d)

11. (U) Econ/Pol Counselor and Poloff called on Austrian MFA Deputy PolDir and Near East Division Chief Ralph Scheide October 10 to discuss Iranian sanctions policy. Emboffs raised three concerns: Austrian objection of consideration of expanded sanctions or other diplomatic action until after the IAEA-Iran workplan process is completed; Austria's specific objection to expanded EU sanctions; and the problems the Austrian oil/gas firm OMV's plans for Iranian investment pose for P-5 plus 2 negotiations with Iran.

12. (C) Scheide set out as the basis for Austria's Iran policy its conviction that only complete international unity, as expressed through UNSC action, will be meaningful in compelling Iran to denuclearize. Any steps taken outside the UN framework would simply toughen Iran's position, he said. Scheide described the IAEA-Iran process as the internationally agreed next step in the diplomatic process with Iran. To take further measures before the expected mid-November report by the IAEA on Iran's cooperation would cause Iran, in Scheide's view, to walk away from the IAEA process and reject further diplomatic dialogue. France's proposal for EU "unilateral" action was also tactically wrong, Scheide argued, because, since there was no common view in the EU, the ensuing intramural argument would only bolster Iran. While not rejecting Econ/Pol Counselor's argument that OMV's possible Iranian gas project was unhelpful, Scheide maintained that as a private commercial enterprise, the government had no influence over its business decisions.

Kilner